

Top Secret

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NATIONAL INTELLIGENCE DAILY CABLE

Friday August 20, 1976

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NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

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National Intelligence Daily Cable for Friday August 20, 1976.

The NID Cable is for the purpose of informing senior US officials.

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LEBANON: Situation Report

25X1 [] The Christians in Lebanon are still delaying the start of their campaign in the mountains east of Beirut, apparently hoping that threats will weaken the Palestinians' will to resist.

25X1 [] The Phalanges Party has asked the commander of the Arab League peacekeeping forces to convey demands that the Palestinians withdraw from their positions in Mount Lebanon, agree to a timetable for the cessation of hostilities on all fronts, and accept Syria's conditions for holding a meeting of the four-party truce committee that was supposed to supervise the implementation of the Syrian-Palestinian agreement signed in Damascus on July 29.

25X1 [] The Palestinians are unlikely to accept these demands. The leftist radio has already issued a statement rejecting Syria's demand that leftist parties friendly to Syria be represented in the leftist delegation of the truce committee. Failure to agree on this issue led to the repeated postponement of a committee meeting and helped make the Damascus agreement a dead letter.

25X1 [] Extreme leftist leader Kamal Jumblatt attempted to whip up support at a rally yesterday for what he called "the decisive battle of the mountains," which he compared to "another Tall Zatar." This indicates that the extremists are not amenable to a serious settlement attempt.

25X1 [] A few days ago Syrian forces reportedly entered Hammana near the Beirut-Damascus road--a key supply line for Palestinian forces in the Mount Lebanon area--but later withdrew. The Syrians presumably wanted to demonstrate the vulnerability of the Palestinian supply route; they are still positioned near Hammana and dominate the road.

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USSR-JAPAN: Economic Relations

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[] General Secretary Brezhnev's decision last week to stand in for ailing Premier Kosygin and meet with a group of Japan's top industrialists underscores the importance the USSR attaches to its economic relations with Japan.

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[] Brezhnev's action is designed to give a new impetus to Soviet economic ties with Japan and to elicit additional Japanese involvement in Siberian development projects. The USSR may calculate that the Japanese industrialists will be receptive because of their pessimism regarding short-term prospects for increased Japanese economic dealings with China. Brezhnev was probably also influenced by Foreign Minister Miyazawa's harder public line on China, which has improved political relations between Moscow and Tokyo.

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[] The prospects for trade relations are much brighter. Last year Japanese exports to the Soviet Union reached a record \$1.6 billion, and this year Japanese sales through May were running some 10 percent about the comparable period last year. Moreover, despite concern in Tokyo over the size of the USSR's debt, Japan appears willing to furnish trade credits on a selected basis to purchase Japanese goods. Recently, Tokyo supplied a \$450-million credit line to Moscow for six complete plants. []

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PORTUGAL: Socialists vs Communists

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[] Portuguese Communists on Tuesday warned Prime Minister Soares' Socialist minority government that they will actively oppose any "anti-worker" legislation.

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[] The party statement strongly reiterates Communist leader Cunhal's earlier threat to mobilize workers to resist proposed legislation that would establish some government control over labor. These remarks were made last week during the national assembly debate on the Socialist government's program and were sharply criticized by Soares.

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[] The Communists are concerned that the Socialists are determined to break their grip on organized labor, which has enabled the Communists to frustrate government moves toward economic reform--particularly those requiring sacrifices by the workers. Wage curbs and other unpopular measures cannot be avoided much longer.

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[] The Socialists have made some headway in diluting Communist influence in the unions, but overconfidence and philosophical disagreements between Marxist and social democratic factions have limited the Socialists' effectiveness.

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[] The biggest blunder was made by Marxist strategists in the Socialist Party who, buoyed by a series of union election victories, proposed to hold a congress of all labor unions, both Communist and non-Communist, to discuss reunification of the labor movement. They believed the Socialists could weaken the Communists' stranglehold on labor and eventually supplant them.

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[] The Communists, more experienced in organizing and controlling labor than the neophyte Socialist trade unionists, have stolen the initiative for the joint congress from the Socialists and view it as an opportunity to further consolidate their hold.

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[] The Socialists are now stalling for time. They say the congress cannot be held until next year because it might interfere with local elections, and they are making demands unacceptable to the Communists to convince them to abandon plans for a congress.

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[] Socialist party leaders say they need at least another year to confront the Communists on the labor front. They realize they may be forced to accept an earlier date since the congress was their idea, but they hope their delaying tactics will at least keep labor unrest under control during the first few months of the new government. []

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MALTA: Violent Parliamentary Campaign

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[] The first round of campaigning for Malta's parliamentary election on September 17 and 18 was marked by violent clashes between Prime Minister Mintoff's Labor Party supporters and the opposition Nationalists. Violence may flare again during major party rallies scheduled for the four remaining weekends before the election.

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[] A mass Labor rally in Valletta marking the final session of the outgoing parliament and the official opening of the new parliament building last weekend quickly turned into a riot when Labor supporters ransacked several Nationalist Party offices and attempted to demolish the Nationalists' printing press. Labor Party militants later disrupted Nationalist meetings in outlying areas.

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[] Violence has increased during the last year as tensions have grown between the two parties. Under Mintoff, the police have been slow and ineffective in dealing with political violence and have frequently appeared to go easy on Labor instigators.

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[] The election is likely to be close, and the outcome will hinge largely on Mintoff's ability to persuade voters that he can continue his nonaligned foreign policy and still attract enough international financial support to replace the crucial income Malta will lose after the withdrawal of British forces in 1979. []

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SOUTH AFRICA: Latest Rioting

25X1 [] Racial violence flared in South Africa Wednesday night--this time in three black townships outside the city of Port Elizabeth--resulting in at least 14 deaths by police gunfire and 28 wounded. Rioting last week in black townships near Cape Town left 29 dead.

25X1 [] The latest bloodshed occurred when thousands of adults joined a march staged by black high school students who had been demonstrating for several days. Rioting broke out after the marches were halted by police firing tear gas. The rioting subsided after midnight and, although some arson and looting by roving bands continued through the day, yesterday morning most commuters from the black townships returned to work in Port Elizabeth.

25X1 [] Police are continuing to jail prominent blacks throughout South Africa in a campaign aimed at heading off further organized violence. So far, at least 60 arrests have been made since the latest roundup began last week. The arrests may fuel new unrest among students whose demonstrations have triggered most of South Africa's recent racial violence. Students are continuing to boycott classes in many localities, and a high school was burned Wednesday night in Johannesburg's Soweto township where black violence first erupted last June. []

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THAILAND: Protest Rally Planned

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[REDACTED] A Thai government announcement that Field Marshal Praphat has changed his mind and agreed to leave the country within seven days apparently has not yet defused the tense situation in Bangkok. Army and police units in the area are on full alert.

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[] An estimated 40,000 demonstrators from student and labor groups yesterday demanded Praphat's immediate arrest. Although the crowd was told of Praphat's decision to leave, student leaders still want to force Praphat to trial and they plan to hold another rally today. The size and intensity of the demonstration should be a good indicator of whether the protests are running out of steam or building into a political crisis for the Seni government.

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[] The Seni government, by delaying Praphat's departure for another week, played into the hands of the student organizers, giving them more time to arouse support. The students see the Praphat episode as an opportunity to revive their nearly moribund political movement.

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